



# CAREC Institute Newsletter

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In this issue:

New Director Joins CAREC Institute .....	1
Workshop on Reforming State-Owned Enterprises .....	2
Workshop on Improving Road Safety .....	3
CAREC Cross-Border Economic Corridors .....	4
CAREC Integration Index: Country-Level Recommendations .....	5
Comparison of Integration Approaches – Workshop Proceedings.....	7
CAREC Institute Participates in Euro-Asia Economic Forum in Shaanxi.....	7
Senior PRC Official Visits CAREC Institute .....	8
CAREC National Focal Points Meet in Tashkent.....	9
ADB-CAREC Institute Visiting Fellow Program .....	10
We Are Hiring.....	10

## New Director Joins CAREC Institute

At the end of August 2019, the CAREC Institute welcomed a new Director - Mr. Syed Shakeel Shah from Pakistan.

Mr. Syed Shakeel Shah is a career civil servant under the Pakistan's Customs Service with extensive experience in public policy, international trade, and regional cooperation spanning over two decades.

He played a leading role in a collaborative engagement with the World Bank in developing the reform vision and a plan for Pakistan's Customs through a technical assistance funded by the Trust Fund for Accelerated Growth in Revenue.

Being a focal person for the World Bank's Ease of Doing Business report, he has led reforms in Pakistan's Customs to enhance efficiency and reduce cost and time of border compliance. In another governmental capacity, he has contributed to negotiations regarding Free and Preferential Trade Agreements with Turkey, Thailand, and the People's Republic of China (PRC). Mr. Shah coordinated complex assignments across the government, private sector, and development partners as the Head of Economic Affairs Wing in the Prime Minister's Office, including activities pertaining to the PRC-Pakistan Economic Corridor, Prime Minister's Delivery Unit, and the Youth Development Program. He also served as a Community Welfare Attaché at the Consulate General of Pakistan in Barcelona, Spain.

Mr. Shah holds MA in International Trade Law and Economics from the World Trade Institute, Bern, Switzerland; and M.Sc. in International Relations from Quaid-e-Azam University, Islamabad, Pakistan.



## Workshop on Reforming State-Owned Enterprises

26-27 September 2019

Bishkek, Kyrgyzstan

In cooperation with the Asian Development Bank Institute (ADBI) and the American University of Central Asia, the CAREC Institute has organized a workshop for senior personnel of state bodies in charge of managing state-owned enterprises (SOE) and public-private partnerships (PPP) to discuss existing SOE practices and reform strategies in Bishkek, Kyrgyzstan, during 26-27 September 2019.

The participants shared new research, country experiences, best practices, risks, information about ongoing reforms, SOE impact on economy, current policy issues in SOE management, global trends, role of governance, legal framework, performance evaluation models, and many more.

The 17th Ministerial Conference of the CAREC countries highlighted the issue of the SOE functionality and the public sector reform as a priority in November 2018. This workshop was arranged to respond to the priority agenda of the CAREC Ministerial Conference.

It was discussed how SOEs address certain types of market failures, that they account for 15% of GDP in OECD countries and 20-30% of GDP in transition economies, for 20% of investment and 5% of employment globally. In 2017, 102 of the world's largest 500 enterprises were owned by sovereign governments. However, the participants also highlighted transparency and performance issues in relation with SOEs. Research was shared where low productivity SOEs make business environment more severe for the private sector due to non-performing loans, influence on collateral requirements for the business, and making their access to finance more difficult. A comprehensive evaluation framework was proposed for SOEs which can help improve policy decision making.

Presentations are shared [here](#). A book is under preparation by ADBI.



## Workshop on Improving Road Safety

2-6 September 2019

Hohhot, Inner Mongolia, the PRC

The CAREC Institute held a road safety workshop in collaboration with the CAREC Program and the Asian Development Bank (ADB) during 2-6 September 2019 in Inner Mongolia, the PRC.

The workshop aimed at sharing the best practices in road safety engineering, including treating hazardous road locations (black spots), road safety audits, roadside hazard management, and safety at road work sites. It equipped participants with necessary resources to advocate for changes in policies and practices that may be required at the national level.

This event continues the series of road safety workshops targeting relevant senior governmental officials that started in Dushanbe in 2017, followed by manuals in 2018 on [road safety audit](#), [safer road works](#), [roadside hazard management](#), and [another workshop](#) in Bishkek in 2019.

The CAREC countries made the road safety a collective regional priority at the 15th CAREC Ministerial Conference in October 2016 when they adopted the [regional road safety strategy 2017–2030](#). The strategy aims to reduce fatalities on CAREC roads by 50% by 2030, as compared with 2010. The goal is to save 23,000 lives and avoid 250,000 serious injuries annually equaling the estimated savings of \$16 billion a year.

According to the WHO estimate of 2018, road crashes ranked as the 8th leading cause of death globally. Further analysis showed that road crashes are the 6th cause of death in Central Asia. Majority of the CAREC countries rely on roads and railways for transportation, only three of them have access to maritime routes. The CAREC Program entails expanding the road corridor network for



better connectivity, thus road safety plays a major role in operating the corridors at their optimal capacity.

Road safety workshop participants in Inner Mongolia, the PRC



## CAREC Cross-Border Economic Corridors

At the [CAREC Think Tanks Development Forum organized by the CAREC Institute in August 2019](#), Mr. Bahodir Ganiev, Senior Adviser at the Uzbekistan Center for Economic Development discussed the Almaty-Bishkek and Shymkent-Tashkent-Khujand cross-border economic corridors (CBEC) under the [CAREC Integrated Trade Agenda \(CITA\) 2030](#).

In this issue, we provide a short overview of ongoing efforts.

**The Almaty-Bishkek Economic Corridor (ABEC)** development started in November 2014 when the Mayors of Almaty and Bishkek cities signed an MOU aimed at developing the ABEC. In 2017, the governments of Kazakhstan and Kyrgyzstan agreed to oversee the ABEC development through the Intergovernmental Council, which is chaired by Prime Ministers of the two countries. The Council created the ABEC subcommittee, which is co-chaired by the Kazakh and Kyrgyz CAREC National Focal Points. In September 2017, the subcommittee has prioritized the following projects:

- a) Agriculture: set up cross-border agricultural value chains through agricultural wholesale markets and collection centers, product certification, and traceability.
- b) Tourism: Almaty-Issyk-Kul road construction as a toll road based on public-private partnership and launch of regional tourism products.
- c) Transport: modernize border crossing points and implement direct bus service between the two cities and airports.
- d) Social sector: establish a regional reference laboratory for communicable diseases and address skill gaps related to agriculture and tourism.

As per the May-August 2019 assessment, the preliminary list of **focus areas** under the **Shymkent-Tashkent-Khujand** Economic Corridor (STKEC) includes:

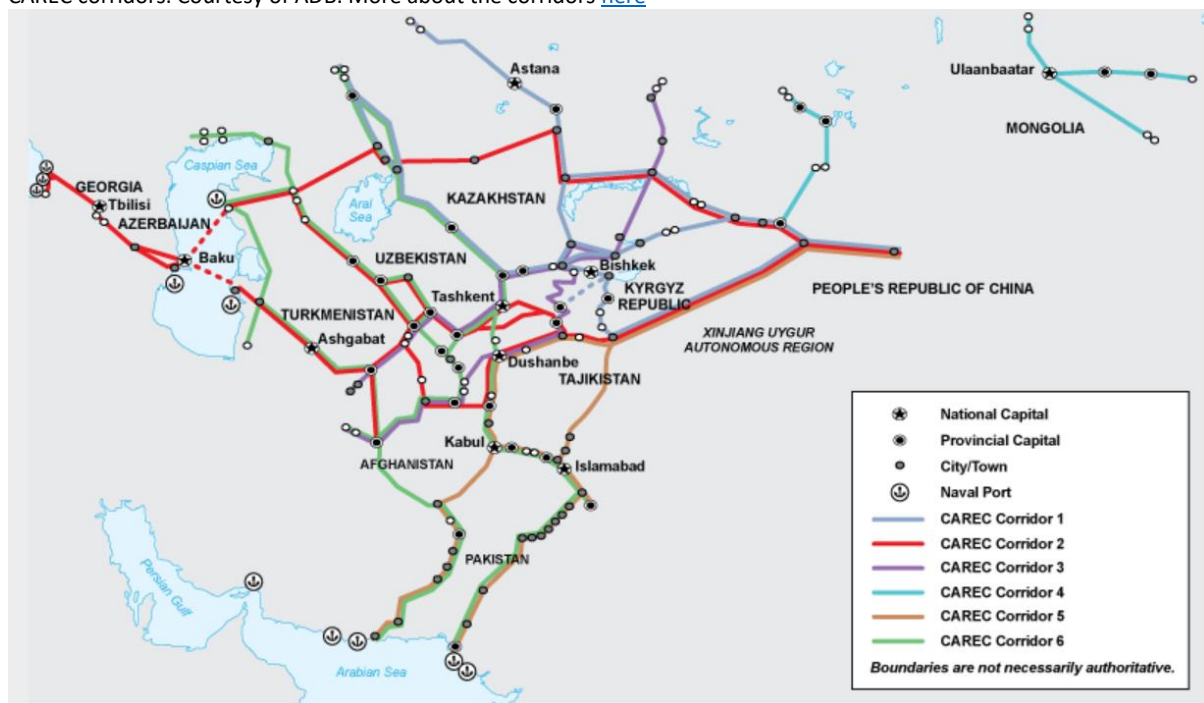
- a) Improvement of transport connectivity.
- b) Modernization of border crossing procedures and infrastructure.
- c) Development of cross-border agricultural value chains.
- d) Modernization of sanitary and phyto-sanitary (SPS) measures and development of quality infrastructure for exports of agricultural and food products.
- e) Development of regional tourism.
- f) Development of special economic zones and industrial parks.

The preliminary list of **priority actions** under the STKEC includes:

- a) Harmonization of transport regulations and abolition of quotas for entry of foreign trucks.
- b) Introduction of e-TIR and a multi-country tourist visa.
- c) Establishment of green/express lanes at border crossing points.
- d) Development of a network of modern agri-logistics centers.
- e) Transition to risk based SPS control of imports.
- f) Upgrade of SPS laboratories.

More about the CAREC Corridor Performance Measurement and Monitoring (CPMM) [here](#).

CAREC corridors. Courtesy of ADB. More about the corridors [here](#)



## CAREC Integration Index: Country-Level Recommendations

At the [CAREC Think Tanks Development Forum organized by the CAREC Institute in August 2019](#), the CAREC Institute has presented [country-level recommendations](#) based on the CAREC Regional Integration Index (CRII) scoring.

Dr. Teresita Cruz-del Rosario presenting country-level recommendations at the forum



In 2017, the CAREC Institute has designed the CRII based on the Huh and Park Asia-Pacific Regional Cooperation and Integration Index (RCI) to measure the depth and breadth of regional economic cooperation among the 11 member countries. It compares the intra-CAREC state of integration vis-a-vis regional and global integration index rankings. It also helps identify policy gaps and provides policy recommendations to enhance regional integration.

Following the lead of RCI, the CRII includes 26 indicators that measure various aspects of regional integration along six dimensions: (i) trade and investment integration, (ii) money and finance integration (MFI), (iii) regional value chains, (iv) infrastructure and connectivity, (v) free movement of people, and (vi) institutional and social integration. The 26 indicators are normalized and aggregated using principal component analysis to yield an index ranging from 0 to 1, with higher values representing higher levels of integration.

Within the specific context of the CAREC region, **regional integration is a strategy that promotes the benefits of collective and collaborative activities among member countries through economies of scale, more vigorous intra-regional trade, expansion of markets, shared information platforms for exchange, and harmonized frameworks for social and economic interaction.**

The CAREC regional average stands at 0.373. The [country-level recommendations](#) are organized for three subgroupings as follows: 1) countries that fall below average, i.e. outliers, 2) countries closer to the average, i.e. moderately integrated, and 3) countries above the average, i.e. rather integrated.



## Comparison of Integration Approaches – Workshop Proceedings

Is there a will for “unity in diversity,” “A Tale of Two Crises - Europe and Asia,” which pressures policy makers have to endure, nuances of deep integration, benefits of the European Stability Mechanism, what is the most effective mode of financing, resourcing for macroeconomic stabilization and fiscal backstops, prospects of a single market, and many more. Read [workshop proceedings](#) of a joint workshop of the CAREC Institute, the Asian Development Bank Institute (ADBI), the Ministry of Economy and Sustainable Development of Georgia, and the International School of Economics at Tbilisi State University (ISET) on the topic of comparison of economic integration in Asia and Europe held during 30-31 July 2019 in Tbilisi, Georgia.

The policy brief on the topic is under preparation.

Mr. Rovashan Mahmudov of CAREC Institute, Prof. Tapan Sarker of Griffith University, Prof. Youngho Chang of Singapore University of Social Science, and Prof. Farhad Taghizadeh-Hesary of Waseda University at the workshop in Tbilisi



## CAREC Institute Participates in Euro-Asia Economic Forum in Shaanxi

10-11 September 2019

Xi'an, Shaanxi, the PRC

The CAREC Institute participated in the Euro-Asia Economic Forum which addressed the theme of “Co-Building the Belt and Road: High-Level Cooperation and High Quality Development” in Xi'an, the PRC, during 10-11 September 2019.

The forum aimed to grasp new trends in the world economy, build up a new consensus among European and Asian countries, and encourage these countries to expand trade and open their markets for higher quality economic development and pragmatic cooperation. The PRC leaders as well as Eurasian dignitaries, ministerial officials, local leaders, representatives of international organizations, heads of large enterprises and renowned experts attended the forum.

Dr. Liang, CAREC Institute Deputy Director, delivered a keynote address at the forum



The CAREC Institute spoke about capitalizing on synergies between CAREC and Belt and Road Initiative (BRI), CAREC knowledge corridors, and environmental aspects for sustainable cooperation in Central Asia under the BRI. The alignment of CAREC and BRI objectives and economic corridors were brought to the attention of participants. Recent studies were quoted where the impact of such infrastructure investments on extreme poverty reduction, travel time reduction, reduction of trade costs, access to markets and suppliers, increase in foreign direct investments, increase in public revenue, etc. have been quantified.

While infrastructure investments and their benefits are significant, many credible studies indicate that without policy reforms and complementary trade facilitation measures, infrastructure improvements alone bring two to four times less gain. This is where the work of the CAREC Institute has been concentrated for the last four years. Together with partners, the Institute has been providing knowledge services to governmental officials in areas of border crossing services, non-tariff barriers, corridor performance measurement and monitoring instrument, trade facilitation agreements, ease of doing business, e-commerce, and many more.

The CAREC Institute is looking for new partnerships and new modes of cooperation as the gaps in regional knowledge accumulation, institutional capacity, and harmonization of enabling policies and standards persist.

## Senior PRC Official Visits CAREC Institute

18 September 2019  
Urumqi, the PRC

A delegation headed by Mr. Shi Yaobin, Vice Chairman of the Financial and Economic Committee of the National People's Congress of the PRC visited the CAREC Institute on 18 September 2019 in Urumqi, the PRC.



The parties went through the history of relationship. The CAREC Institute Deputy Director updated the delegation on the organization's progress, UN observer status acquisition process, and future plans.

The discussions focused on openness, inclusiveness, partnership, and cooperation which the PRC generously supports. Mr. Shi Yaobin expressed his commitment to support the Institute's development for it to contribute to regional connectivity and integration.

Mr. Shi Yaobin together with the delegation at CAREC Institute in Urumqi



## CAREC National Focal Points Meet in Tashkent

24-25 September 2019

Tashkent, Uzbekistan

The CAREC Institute participated in the ADB consultation meeting with the CAREC national focal points (NFPs) during 24-25 September 2019 in Tashkent. The Institute briefed the NFPs on the outcomes of the 4th Think Tanks Development Forum organized in August 2019 in Xi'an, the PRC.

Additionally, the meeting discussed the refined draft of the CAREC Transport Strategy 2030 building upon discussions at the Senior Officials Meeting, CAREC Energy Strategy 2030, outcomes of the 1st CAREC Energy Ministers' Dialogue and the 4th Energy Investment Forum held on 20-21 September 2019 in Tashkent.

The NFPs were also briefed on the overall implementation progress of the CAREC 2030 strategy, CITA 2030, including the CAREC Advanced Transit System and Information Exchange pilot project. Discussions were held on the outcomes of the first CAREC Capital Market Regulators Forum held in August 2019 in Islamabad.

The organizers and partners sought guidance from NFPs on a number of issues prior to their submission for endorsement at the 18th Ministerial Conference on 14 November 2019.

The Kazakhstan representative at the NFP meeting in Tashkent



## ADB-CAREC Institute Visiting Fellow Program

The Asian Development Bank (ADB) and the CAREC Institute continue receiving applications for the Visiting Fellow Program from researchers who are citizens of ADB members. The fellowship is intended for scholars at all levels to pursue research on a topic that is relevant to the [CAREC 2030](#) operational priorities, namely: economic and financial stability; trade, tourism and economic corridors; infrastructure and economic connectivity; agriculture and water; and human development.

Strong preference will be given to proposals that address cross-border issues in the CAREC countries (where at least two, preferably three or more, countries are taken as a unit of analysis) that are considered of strategic importance to the region and propose options for important policy challenges.

The fellowship is of three months duration, extendable in exceptional cases. More about the application process [here](#).

## We Are Hiring

The CAREC Institute invites applications for the position of Head of Knowledge Services Unit. This is an international staff position based in Urumqi, the People's Republic of China (PRC). Apply [here](#).